

University of Northern Iowa

Socioeconomic Impact of Gambling on Iowans

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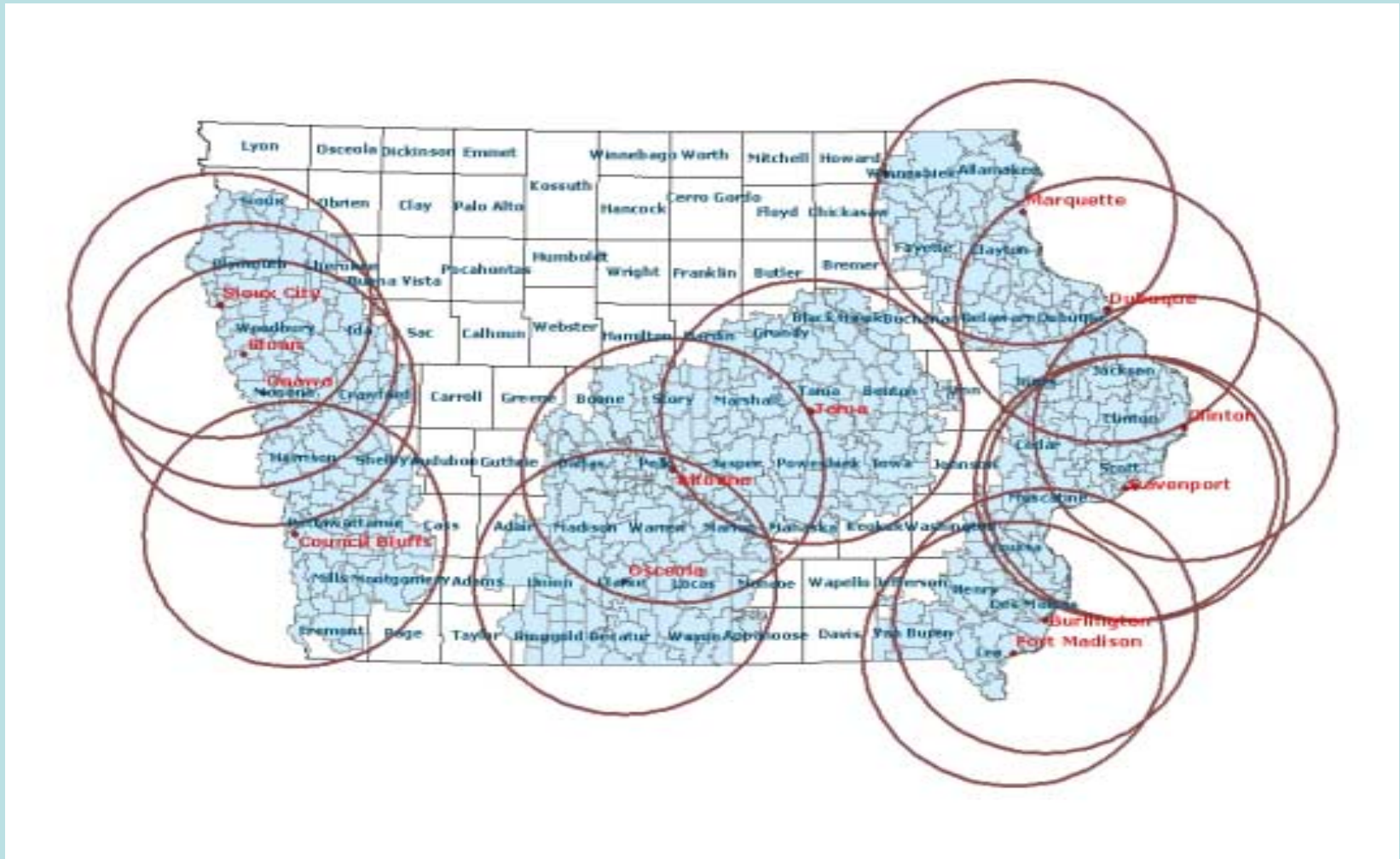
***School of Health, Physical Education, and
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Study Objectives

- To determine:
 - Economic impact of gambling at existing Iowa casinos on the local community
 - Socioeconomic characteristics of gamblers
 - Perceptions of social impact of gambling on the local community
 - Impact of problem gambling

Study Areas: I, II, III and IV

Study Area II



Study Limitations

- Economic Impact
 - Admissions – ambiguous when equated to casino visitors
 - Estimation of expenditures
 - Possible overestimation and underestimation of spending
- Non-availability of data
 - Historical
 - Attraction visitation counts

FINDINGS

ECONOMIC IMPACT

- Casino visitors generate substantial economic impacts
 - \$3.5 billion and 35,364 jobs
 - Taxes and charitable contributions - \$260 million
- Casino counties and control counties have similar visual trends with regard to unemployment rate
- Thirty percent of resident spending in casinos is displaced expenditure
- Resident perceptions - bulk agree with the economic benefits
 - A substantial percentage disagrees with the increased employment opportunities and investment in the community

SOCIOECONOMIC CHARACTERISTICS OF GAMBLERS

- Club Player demographics similar to the general casino visitors
 - Bulk above 40 years of age
 - Approximate even split of gender
 - 60% are married and 13% are divorced
 - Annual household income above \$50,000 for 45%
 - Average travel party size: 2

PERCEPTIONS OF SOCIAL IMPACT OF GAMBLING ON THE LOCAL COMMUNITY

- Bulk positive about the impact on the infrastructure and the environment
- According to a substantial percentage:
 - Quality of recreation opportunities has not improved
 - Roads and public facilities have not been kept at a high standard
 - New and improved facilities have not been built
- More funds needed for:
 - credit counseling programs
 - promotion of Iowa Gambling Treatment Program
 - education

POSSIBLE IMPACT OF PROBLEM GAMBLING

- Perceptions: local residents borrow money to gamble
- Indication of significant association between casino gambling and bankruptcy
- Historical data indicates crime in casino counties is higher than the control counties- **needs further investigation**

Economic Impact of Casino Gambling in Iowa

Economic Impacts (Direct, Indirect, and Induced)

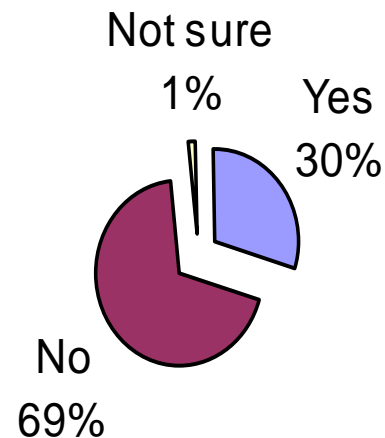
- Total Impact: \$3.5 billion
- Output: \$2.3 billion
- Value Added: \$1.2 billion
- Total Employment: 34,364
- Total Payroll: \$679.4 million
- Total Indirect Business Taxes: \$141.3 million

Economic Impact of the Casino Gambling Sector

- Industry Output or Gross Sales: \$1.1 billion
- Value Added to the Economy: \$555.9 million
- Total Employment: 11,425
- Employee Compensation: \$305.6 million
- Indirect Business Taxes: \$70.0 million

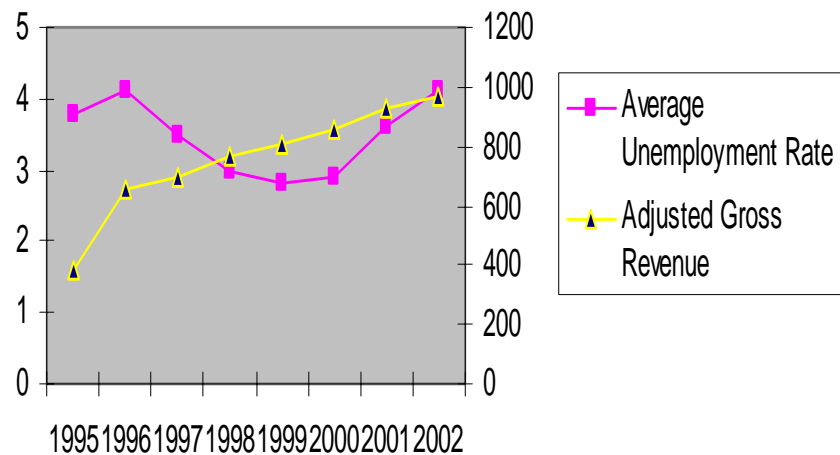
Displaced Expenditure

If a casino was not available in your area, would you have participated in another form of entertainment?
(N= 647)

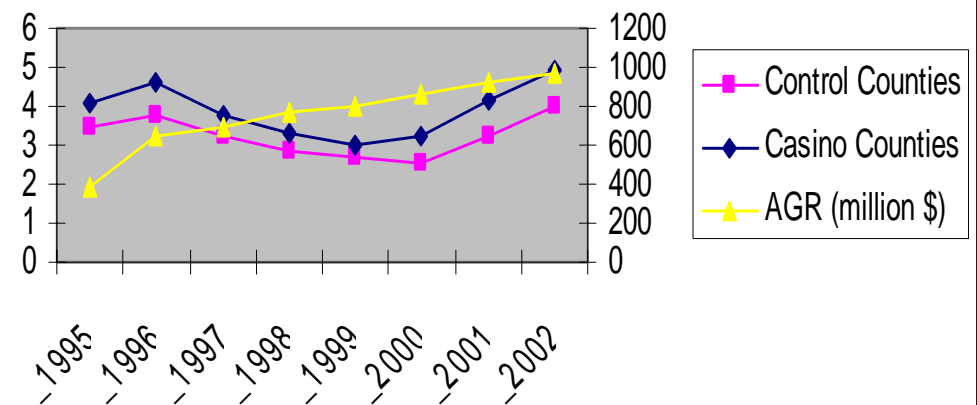


Unemployment Visual Trend in Iowa

Adjusted Gaming Revenue and Average Unemployment Rate

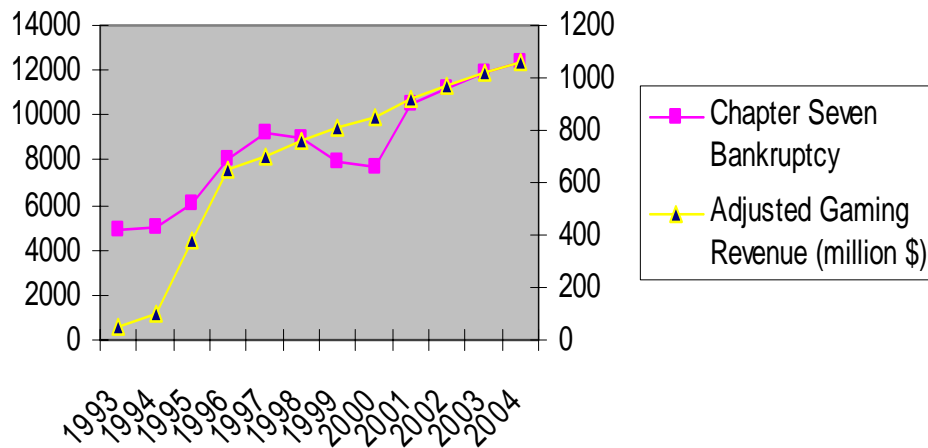


Adjusted Gaming Revenue and Average Unemployment Rate in Casino and Control Counties

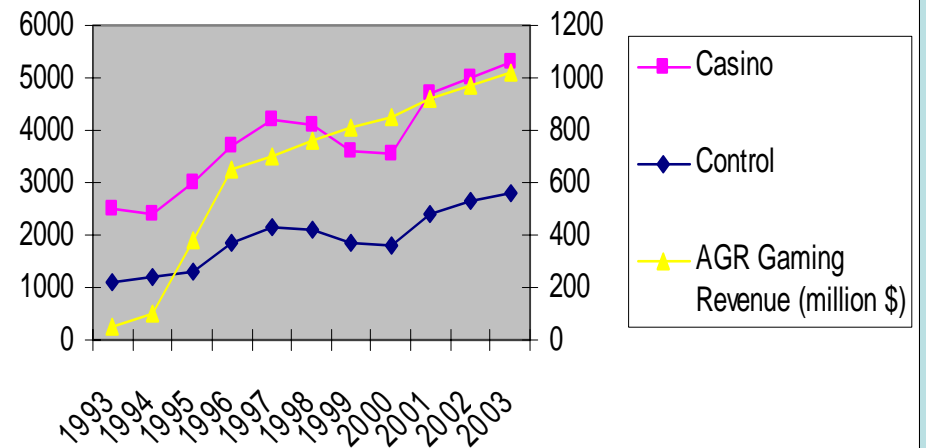


Chapter Seven Bankruptcy (Business) Visual Trend

Adjusted Gaming Revenue and Chapter Seven Bankruptcy

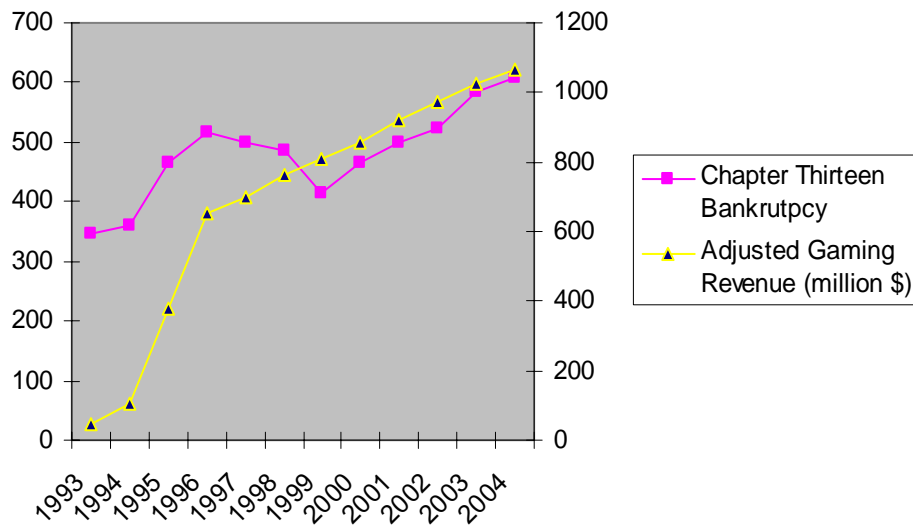


Adjusted Gaming Revenue and Chapter Seven Bankruptcy in Casino and Control Counties

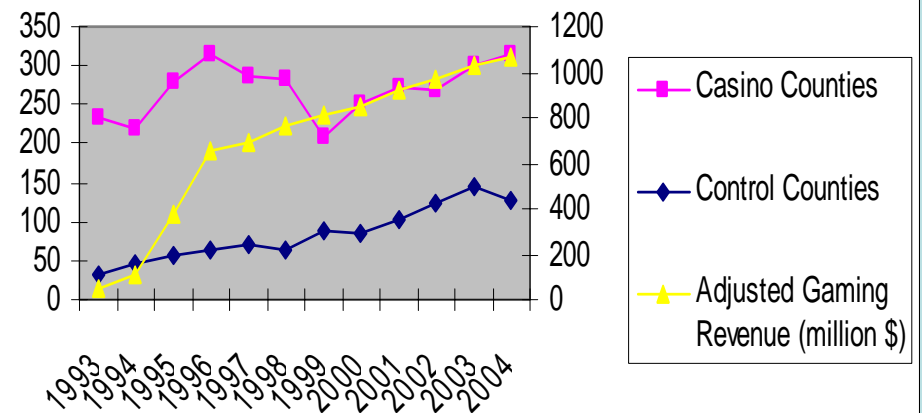


Chapter Thirteen (Personal) Bankruptcy Visual Trend

Adjusted Gross Revenue (million \$) and Chapter Thirteen Bankruptcy in Iowa



Adjusted Gaming Revenue (million \$) and Chapter Thirteen Bankruptcy in Casino and Control Counties



Beneficiaries of Gaming Tax Revenue and Charities

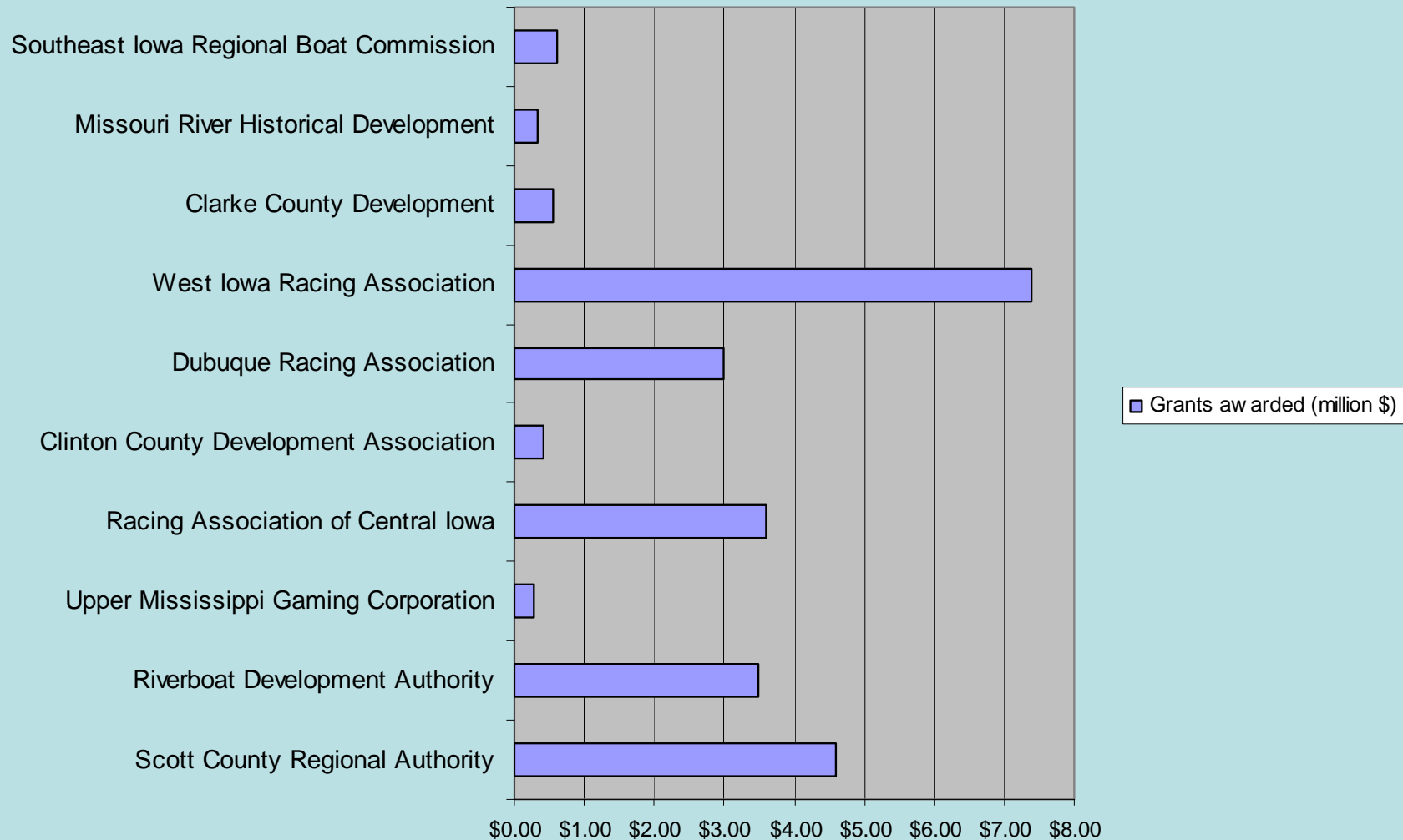
Beneficiaries in 2003

- Local, county, and state taxes: \$249 million
- Non-profit community organizations: \$10 million
 - Clarke County Development
 - Clinton County Community Development Assn.
 - Dubuque Racing Association*
 - Iowa West Racing Association
 - Missouri River Historical Development Authority
 - Racing Association of Central Iowa
 - Riverboat Development Authority
 - Southeast Iowa Regional Riverboat Commission
 - Scott County Regional Authority
 - Upper Mississippi Gaming Corporation

**All except Dubuque Racing Association (fiscal year) are reported for the calendar year*

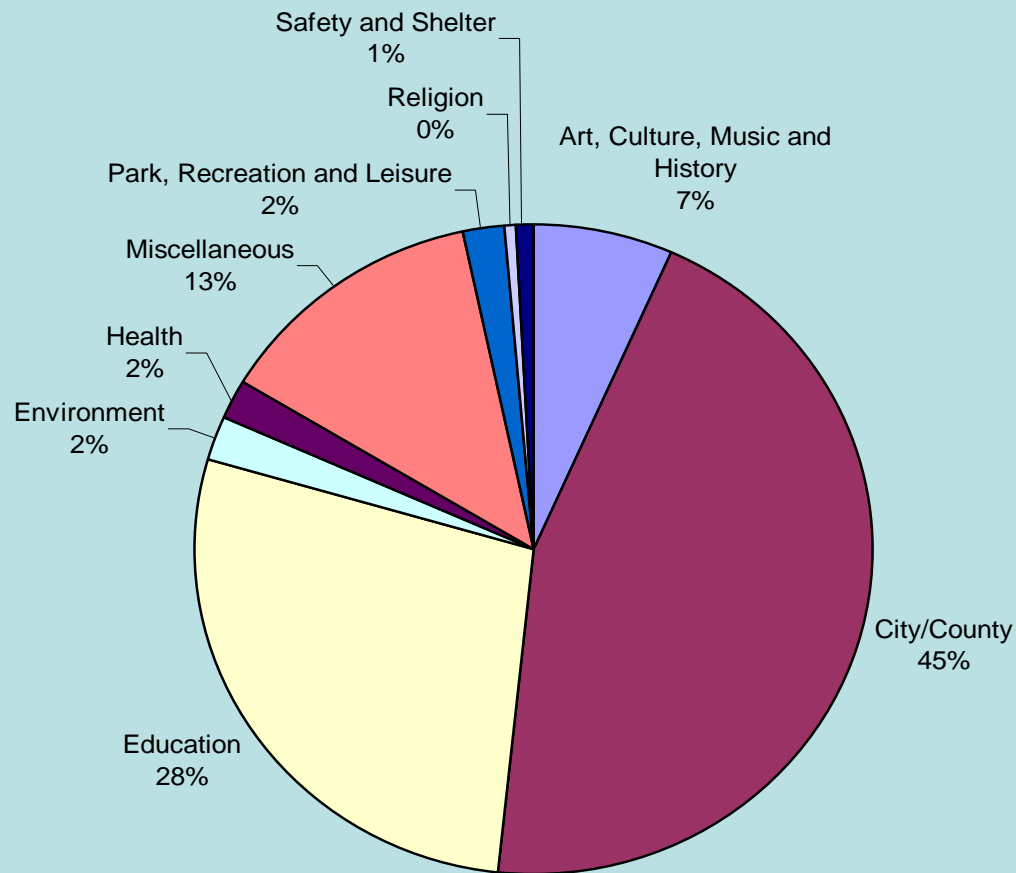
Charitable Contributions (2003)

Grants awarded (million \$) by Non-profit Organizations in Iowa



Grant Recipient Categories of Iowa West Racing Association

Iowa West Gaming Association Grant Recipients of 7,372,896.16 for Calendar Year 2003



Casino Visitor Demographics

Club Player Demographics

| | Lakeside Casino | Rhythm City Casino | Isle of Capri, Bettendorf | Harrah's Council Bluffs | Harrah's Bluffs Run | Prairie Meadows |
|--------------|-----------------|--------------------|---------------------------|-------------------------|---------------------|-----------------|
| Gender | | | | | | |
| Male | 48.0% | 43.7% | 35.5% | 49.0% | 44.0% | 46.0% |
| Female | 46.0% | 55.0% | 46.2% | 51.0% | 56.0% | 56.0% |
| Residence | | | | | | |
| Local | 4.0% | 17.0% | 7.0% | 6.0% | 12.0% | 42.0% |
| In State | 96.0% | 27.0% | 19.0% | 13.0% | 13.0% | 41.0% |
| Out of State | | 56.01% | 74.0% | 81.0% | 75.0% | 13.0% |
| Age | | | | | | |
| 21-29 | 7.0% | 8.0% | 6.0% | 10.0% | 6.0% | 7.0% |
| 30-39 | 9.0% | 11.0% | 9.1% | 13.0% | 9.0% | 13.0% |
| 40-49 | 15.0% | 16.0% | 14.0% | 20.0% | 19.0% | 20.0% |
| 50-59 | 22.0% | 20.0% | 71.4% | 58.0%** | 65.0%** | 21.0% |
| > 60 | 47.0% | 44.0% | | | | 38.0% |

Club Player Demographics

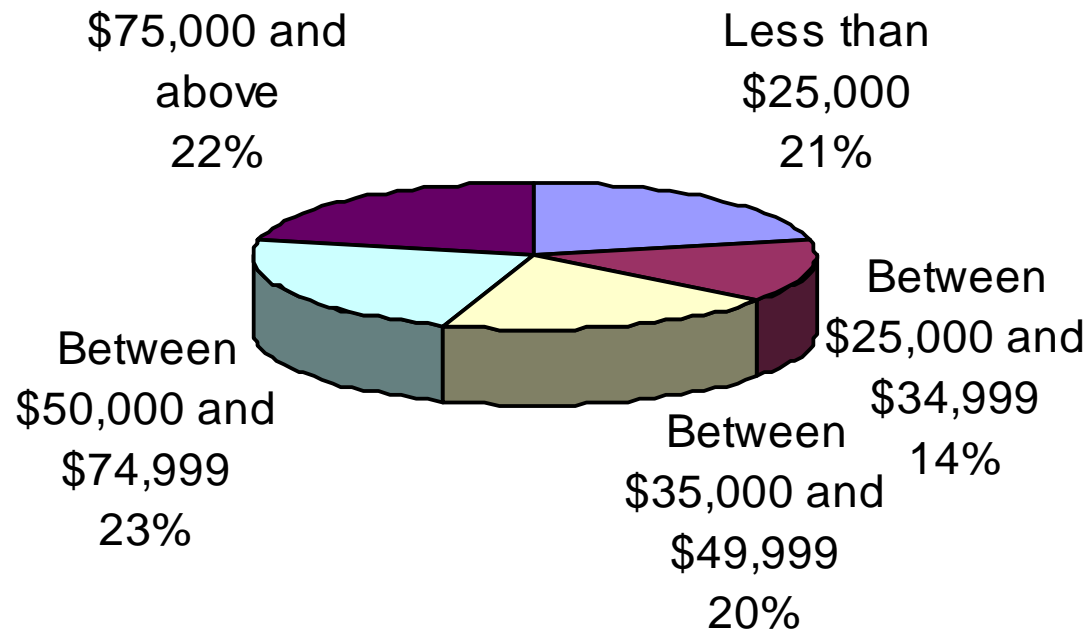
| | Argosy | Ameristar | Isle of Capri, Marquette | Diamond Jo | Catfish Bend | Dubuque Greyhound | Mississippi Belle II |
|---------------|--------|-----------|-----------------------------|---------------|-----------------|----------------------|-------------------------|
| Gender | | | | | | | |
| Male | 30.0% | 48.5% | 47.0% | 32.0% | 47.0% | 39.4% | 17.0% |
| Female | 58.0% | 48.8% | 52.0% | 38.0% | 53.0% | 57.0% | 23.8% |
| Residence | | | | | | | |
| Local | 33.0% | 38.0% | 7.0% | 11.0% | 29.0% | 14.0% | 8.0% |
| In-State | 24.00% | 62.0% | 93.0% | 24.0% | 22.0% | 25.0% | 17.0% |
| Out-of- State | 43.00% | | | 65.0% | 50.0% | 61.0% | 75.0% |
| Age | | | | | | | |
| 21-29 | 11.0%* | 11.4% | | 4.7% | 14.0% | 2.0% | 2.0%* |
| 30-39 | 31.0%* | 12.7% | | 7.6% | 12.0% | 4.0% | 6.0%* |
| 40-49 | 21.0%* | 19.4% | | 12.7% | 18.0% | 11.0% | 13.0%* |
| 50-59 | 25.0%* | 22.4% | (57.8 years) | 16.8% | 20.0% | 22.0% | 18.0%* |
| > 60 | 25.0% | 34.0% | | 37.1% | 35.0% | 61.0% | 53.0%* |

Casino Gambler Demographics (Social Impact Survey)

- Average age (N= 647): 50.6 years (median: 50.0 years; Standard deviation: 16.3 years)
- Average children per household (N =647): 2.0 (median: 2; standard deviation:1.0)
- Marital status (N=647): 60.4% married; 13.0% divorced; 11.1% widowed; .3% separated; 10.8% never married; and 4.4% other
- Gender (N-647): Male 47%; Female 53%
- Education:

Casino Visitor Demographics

Annual Household Income of Gambling Iowans



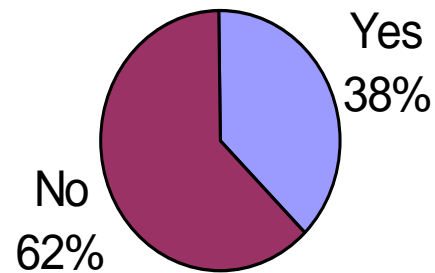
Resident Demographics, Behavior, and Perception of Gambling Impacts

Demographics of Iowan Residents

- Average age (N= 1722): 51.2 years (median: 50.0 years; standard deviation: 16.5 years)
- Average children per household (N =1722): 2.0 (median: 2; standard deviation:1.1)
- Marital status (N=1713): 61.7% married; 11.2% divorced; 12.8% widowed; .6% separated; 11.3% never married; and 2.3% other
- Gender (N-1722): Male 43%; Female 57%
- Annual Household Income (N=1541): 18% less than \$25,000; 15% between \$25,000 and 34,999; 21% between \$35,000 and \$49,999; 24% between \$50,000 and \$74,999; 22% above \$75,000

Gambling Behavior of Iowan Residents

Have you gambled at a casino in Iowa in the last twelve months? (N=1722)



Gambling Behavior of Iowan Gamblers (647)

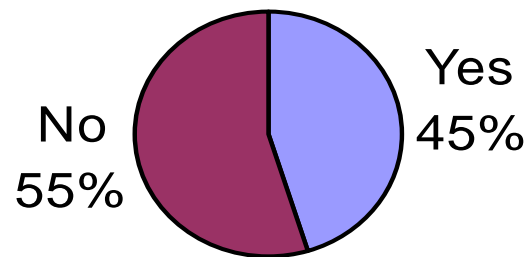
| | Average | Median | SD* | Maximum |
|---|---------|--------|--------|---------|
| Distance traveled (one way - miles) | 32.3 | 20 | 51.7 | 300 |
| Spending each month on casino gambling (\$) | 122.5 | 25 | 602.7 | 5000 |
| Largest Amount lost inside Iowa (\$) ** | 72.5 | 40 | 109.4 | 600 |
| Largest Amount outside Iowa (\$) ** | 97 | 20 | 190.63 | 1000 |
| Number of times gambled *** | 6.8 | 2 | 19.2 | 150 |

**: Standard Deviation*

*** : on one trip in the past twelve months; ***: in the past twelve months*

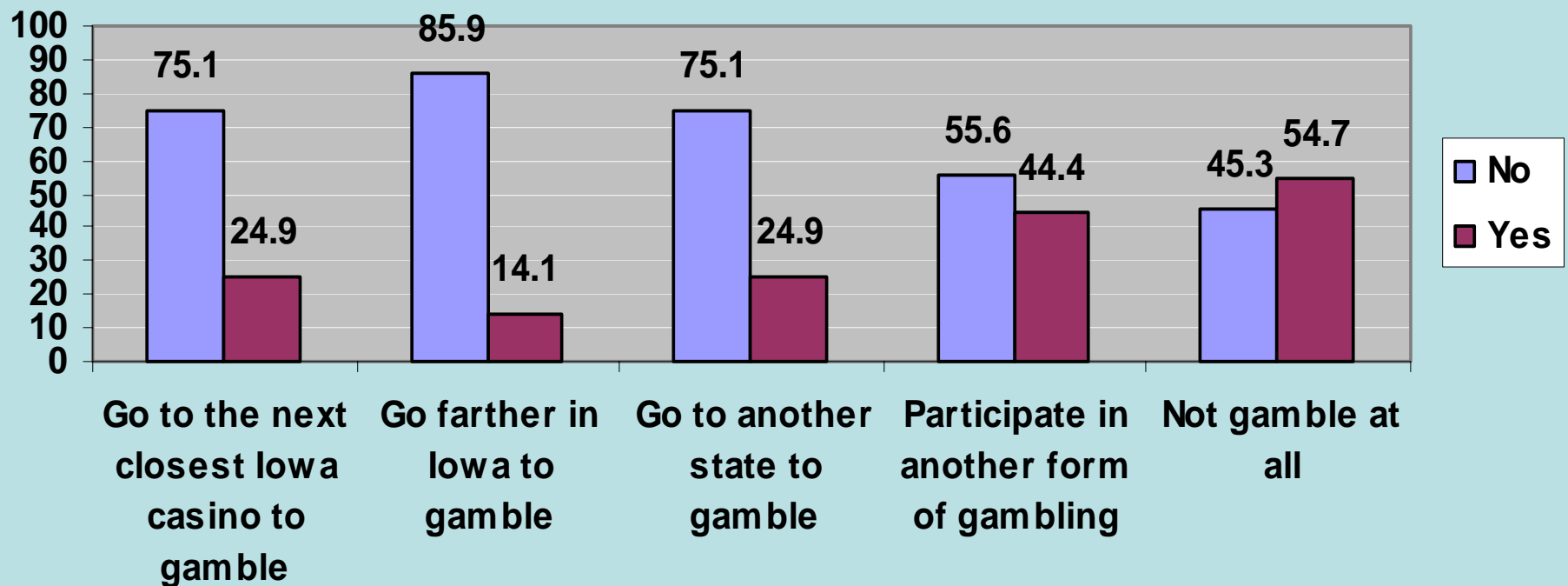
Gambling Behavior of Iowan Residents

Will you gamble if no casino is available in your area? (N=647)



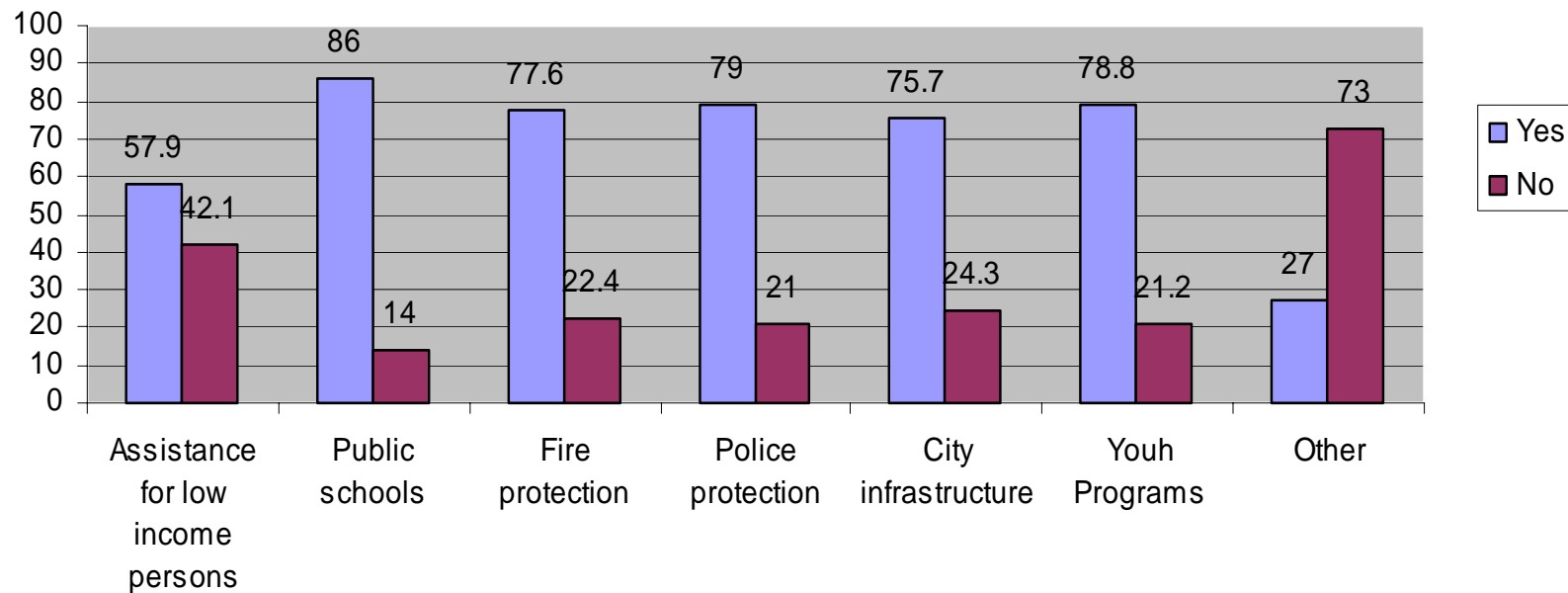
Gambling Intentions

If a casino was not available in my area, I will (%)



Perceptions of Iowan Residents

How do you think gambling tax revenue should be spent in your local community? (%)



Resident Perceptions of Economic Impacts

| | Strongly Disagree/Disagree | Neutral | Strongly Agree/Agree | Average Rating |
|---|----------------------------|---------|----------------------|----------------|
| The prices of goods and services have increased | 52.7% | 14.6% | 14.6% | 2.5 (N=837) |
| High spending of visitors negatively affected way of living | 65.6% | 8.0% | 13.8% | 2.4 (N=904) |
| Roads and public facilities kept at a high standard | 31.4% | 10.1% | 51.0% | 3.2 (N=982) |
| New and improved facilities have been built | 34.8% | 5.2% | 49.5% | 3.2 (N=945) |
| More investment has come to my community | 38.6% | 7.4% | 44.9% | 2.5 (N=962) |
| Area businesses have been negatively affected | 62.6% | 8.1% | 20.5% | 2.5 (N=972) |
| Waste of local taxpayers money to improve public facilities | 56.6% | 7.7% | 25.3% | 2.7 (N=943) |
| Increased employment opportunities in the community | 36.9% | 5.5% | 51.5% | 3.2 (N=989) |
| Price of real estate has increased | 44.0% | 9.5% | 35.4% | 2.9 (N=950) |
| Personal economic benefits from gambling | 83.7% | 3.3% | 9.4% | 2.0 (N=1034) |

Resident Perceptions of Social, Environmental and Crime Impacts

| | Strongly Disagree/Disagree | Neutral | Strongly Agree/Agree | Average Rating |
|--|----------------------------|---------|----------------------|----------------|
| Larger crowds decrease my enjoyment of activities in public areas | 75.5% | 6.0% | 12.2% | 2.3 (N=990) |
| There is more traffic congestion | 63.3% | 4.4% | 27.8% | 2.6 (N=1018) |
| There are more driving hazards | 66.4% | 4.6% | 23.9% | 2.6 (N=1007) |
| Noise levels have increased | 77.1% | 5.6% | 11.5% | 2.3 (N=1000) |
| There is more vandalism in my community | 72.9% | 6.9% | 14.2% | 2.4 (N=995) |
| Local crime has increased | 67.5% | 7.3% | 18.4% | 2.5 (N=994) |
| Historic value of my community has been affected | 75.7% | 5.3% | 13.3% | 2.3 (N=1009) |
| There are more opportunities to learn about different cultures and practices of people | 52.1% | 11.6% | 27.6% | 2.7 (N=990) |
| Local residents feel pride in my community | 49.1% | 15.1% | 28.4% | 2.8 (N=986) |
| Lower quality in some natural areas due to construction of casino facilities | 63.4% | 7.5% | 21.6% | 2.5 (N=972) |
| Quality of recreation opportunities have increased | 40.3% | 8.9% | 44.0% | 3.0 (N=990) |
| There are more opportunities to meet interesting people | 46.4% | 11.5% | 35.4% | 2.9 (N=987) |
| I have personally benefited from interactions with casino visitors | 77.1% | 7.0% | 12.3% | 2.7 (N=1030) |

Perceptions on Problem Gambling

| | Strongly Disagree/Disagree | Neutral | Strongly Agree/Agree | Average Rating |
|--|----------------------------|---------|----------------------|----------------|
| It has resulted in quarrels | 47.2% | 13.6% | 24.8% | 2.7 (N=895) |
| It has resulted in negative thoughts of life | 58.7% | 12.0% | 17.8% | 2.5 (N=921) |
| Loosing/quitting jobs is frequent because of casino gambling | 57.9% | 11.9% | 18.4% | 2.6 (N=923) |
| Local residents borrow money to gamble | 24.9% | 13.0% | 40.4% | 3.2 (N=824) |
| Local residents engage in illegal activities | 56.3% | 11.6% | 19.0% | 2.6 (N=917) |
| Local residents have lost interest in their work | 65.9% | 10.2% | 13.3% | 2.4 (N=940) |
| Alcoholism has increased | 50.5% | 13.1% | 23.4% | 2.7 (N=910) |
| Prostitution has resulted | 56.0% | 11.8% | 20.3% | 2.4 (N=829) |
| Divorce rates have increased | 44.1% | 13.3% | 35.4% | 2.8 (N=880) |
| Bankruptcies have resulted | 29.8% | 10.9% | 44.2% | 3.2 (N=903) |
| Attendance has decreased to other entertainment centers such as museums and cinema | 50.4% | 7.5% | 32.5% | 3.1 (N=948) |

Differences in Perceptions Based upon Socioeconomic Characteristics

| Perceptions | Marital Status | Education | Gender | Household Income | Gambler/non-gambler |
|-------------|----------------|-----------|--------|------------------|---------------------|
| Cost | No | Yes | No | Yes | Yes |
| Benefit | Yes | Yes | No | No | Yes |
| Disruption | Yes | Yes | Yes | Yes | Yes |
| Personal | No | Yes | No | Yes | Yes |
| Safety | Yes | No | No | Yes | Yes |
| Pathology | No | No | No | No | Yes |

Determining Causal Effects on Perceptions (with OLS Multiple Regression Models)

- Perceptions associated with costs (significant)
- Perceptions associated with benefits (significant)
- Perceptions on disruption (significant)
- Perceptions related to safety (significant)
- Perceptions associated with personal life (not significant)
- Perceptions associated with pathology gambling (not significant)

Perceptions of Key Personnel

*Social Service Providers, Law
Enforcement Officers, and
Economic Development Officers*

Economic Impact Perceptions

| | Strongly Disagree/Disagree | Neutral | Strongly Agree/Agree | Average Rating |
|--|----------------------------|--------------|----------------------|--------------------|
| The prices of goods and services have increased | 69.1% | 17.1% | 13.9% | 2.2 (N=110) |
| Roads and public facilities are kept at a high standard | 21.9% | 17.9% | 50.4% | 3.4 (N=111) |
| New and improved facilities have been built | 22.8% | 8.1% | 61.0% | 3.5 (N=113) |
| More investment has come to my community | 13% | 9.8% | 69.1% | 2.3 (N=112) |
| Area businesses have been negatively affected | 65.0% | 17.9% | 8.1% | 2.1 (N=117) |
| Waste of local taxpayers money to improve public facilities | 78.8% | 12.2% | 2.4% | 4.2 (N=122) |
| Increased employment opportunities in the community | 4.9% | 2.4% | 91.9% | 3.0 (N=102) |
| Price of real estate has increased | 30.1% | 26.0% | 26.9% | 3.0 (N=102) |
| Personal economic benefits from gambling | 54.5% | 5.7% | 33.4% | 2.7 (N=115) |

Key Personnel Perceptions on Social Interactions, Crime, and Environment

| | Strongly Disagree/Disagree | Neutral | Strongly Agree/Agree | Average Rating |
|--|----------------------------|--------------|----------------------|----------------|
| Larger crowds decrease my enjoyment of activities in public areas | 77.8% | 4.9% | 7.4% | 2.1 (N=119) |
| There is more traffic congestion | 55.3% | 8.9% | 33.4% | 2.8 (N=120) |
| There are more driving hazards | 67.4% | 8.9% | 20.4% | 2.5 (N=119) |
| Noise levels have increased | 83.7% | 5.7% | 10.6% | 2.1 (N=116) |
| There is more vandalism in my community | 78.9% | 11.4% | 9.7% | 2.1 (N=114) |
| Local crime has increased | 68.3% | 8.1% | 16.2% | 2.4 (N=114) |
| Historic value of my community has been affected | 81.3% | 8.9% | 9.8% | 2.1 (N=116) |
| There are more opportunities to learn about different cultures and practices of people | 62.7% | 26.8% | 10.6% | 2.9 (N=111) |
| Local residents feel pride in my community | 22.0% | 30.1% | 36.5% | 3.2 (N=109) |
| Lower quality in some natural areas due to construction of casino facilities | 78.8% | 5.7% | 15.4% | 2.2 (N=120) |
| Quality of recreation opportunities have increased | 13.8% | 12.2% | 69.1% | 3.7 (N=117) |
| There are more opportunities to meet interesting people | 41.5% | 46.3% | 12.2% | 3.4 (N=114) |

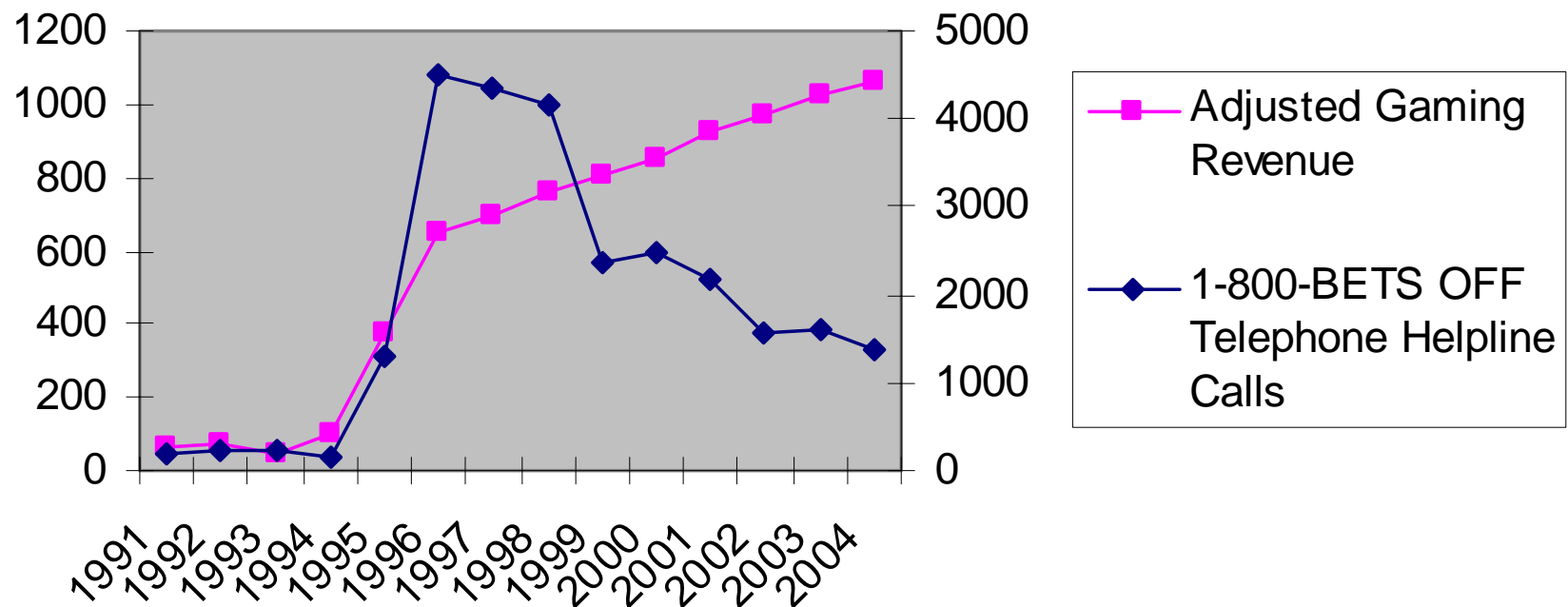
Pathological Gambling

Profile of Pathological Gamblers

- 90% - high school education and beyond.
- 79% - between 30 and 59 years of age
- 68% reported - maximum money lost in any one week during the last six months above \$500.
- 77% reported - amount lost weekly was \$100. Fifty-nine percent - employed full time and 59% reported any tobacco abuse.
- 54% - males, 49% - married, reporting age by 52% - between 30 and 59 years
- 58% reported their debt as a result of gambling to be greater than \$5000.

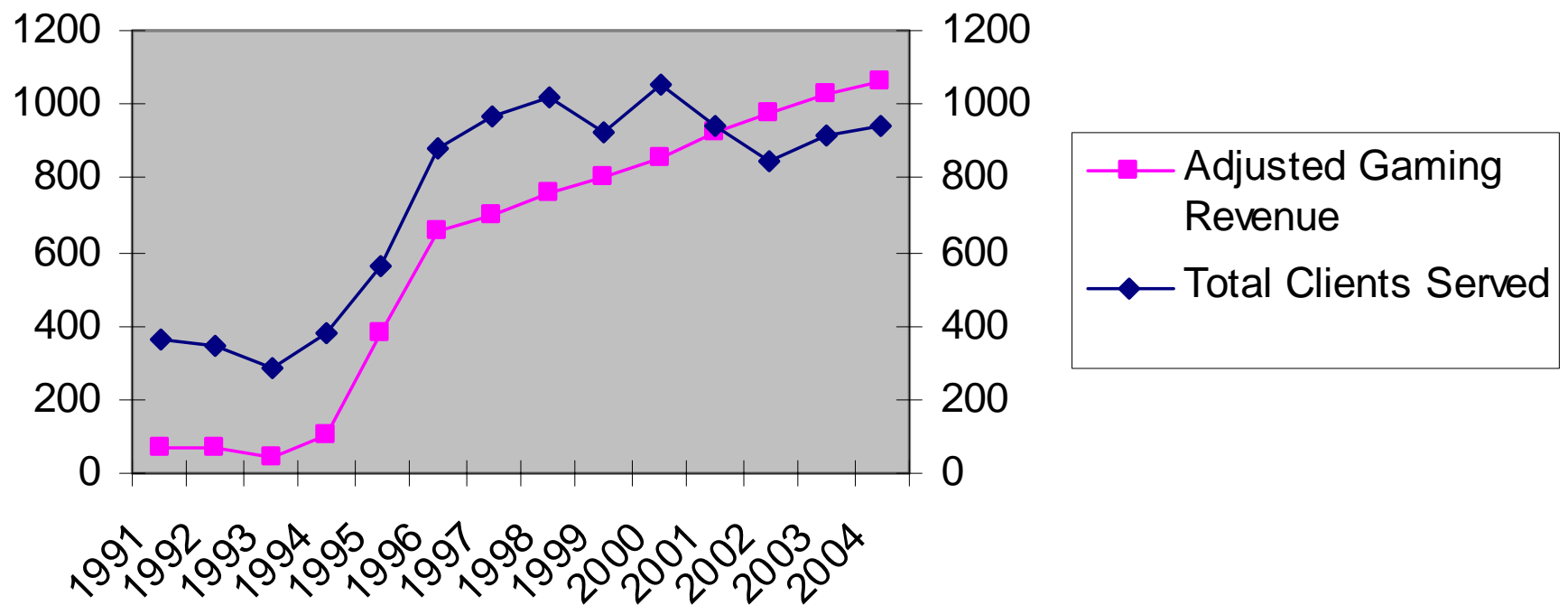
Casino Revenues and Helpline Calls

**Adjusted Gaming Revenue and Total 1-800-BETS
OFF Telephone Calls from 1991 to 2004**



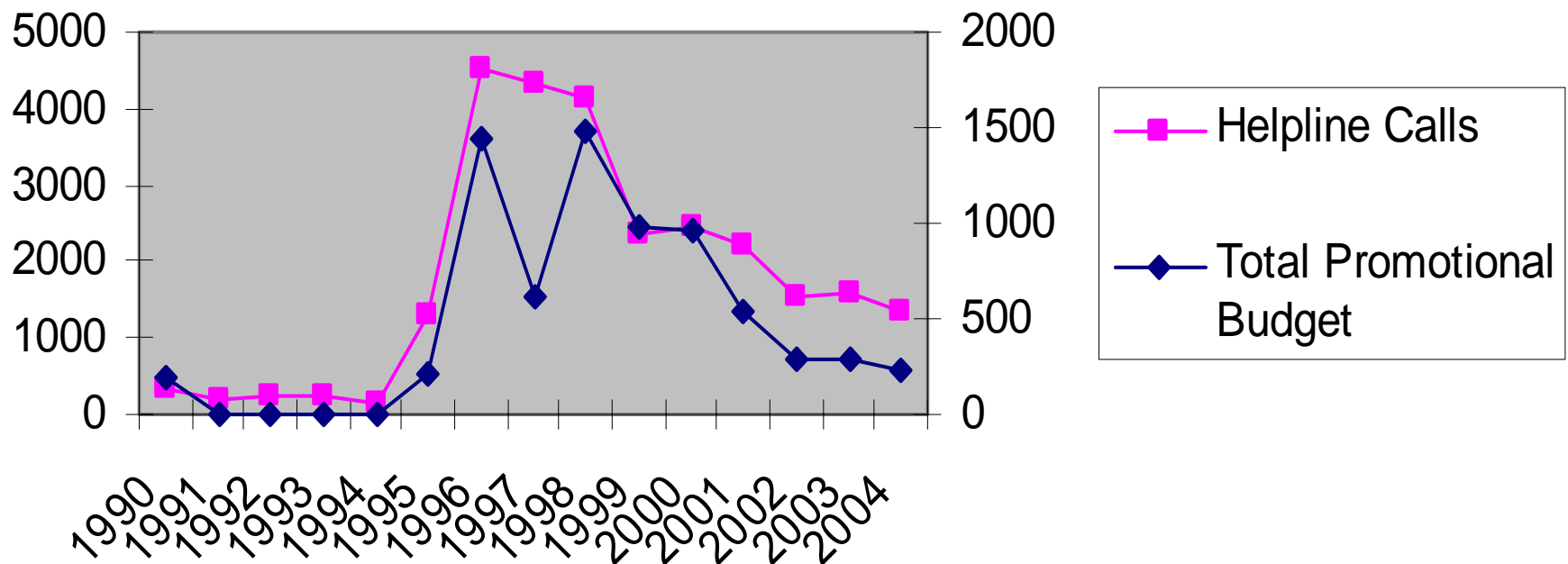
Casino Revenues and Total Clients Served

**Adjusted Gaming Revenue and Total Clients Served
from 1991-2004**



Association between Promotion Budget and Helpline Calls

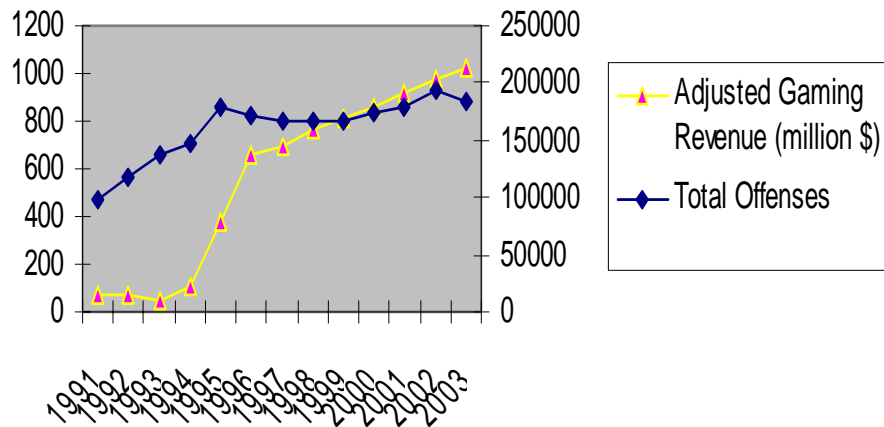
Total Promotional Budget and Total Helpline Calls Received



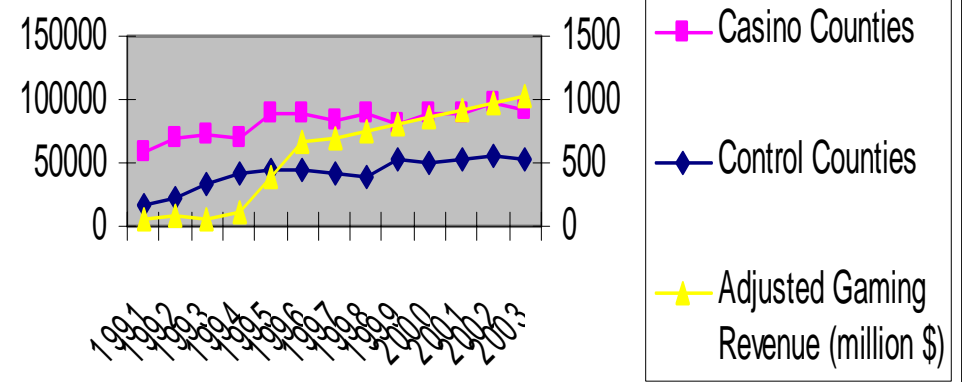
Crime

Crime: Total Offenses Visual Trend

Adjusted Gaming Revenue and Total Offenses in Iowa

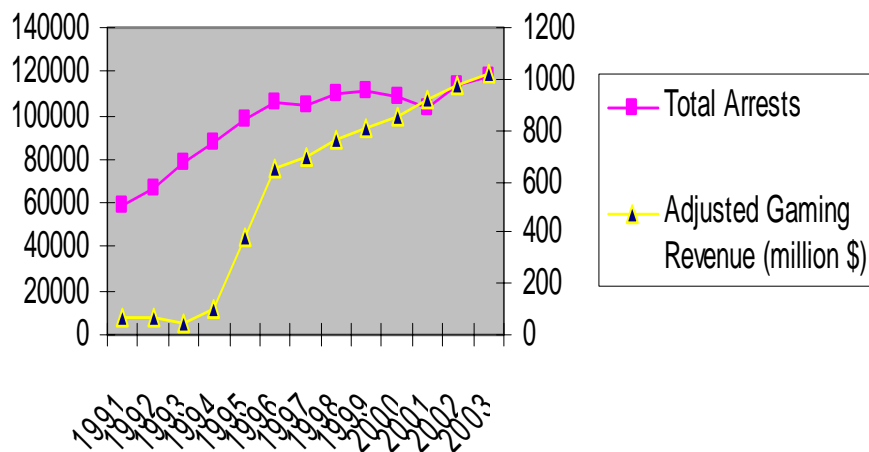


Adjusted Gaming Revenue and Total Offenses in Casino and Control Counties

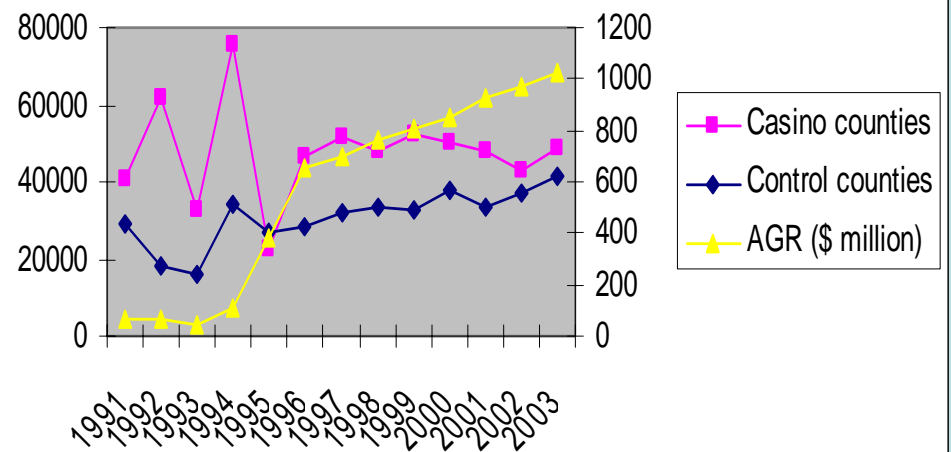


Crime: Total Arrest Visual Trend

Adjusted Gaming Revenue and Total Arrests in Iowa

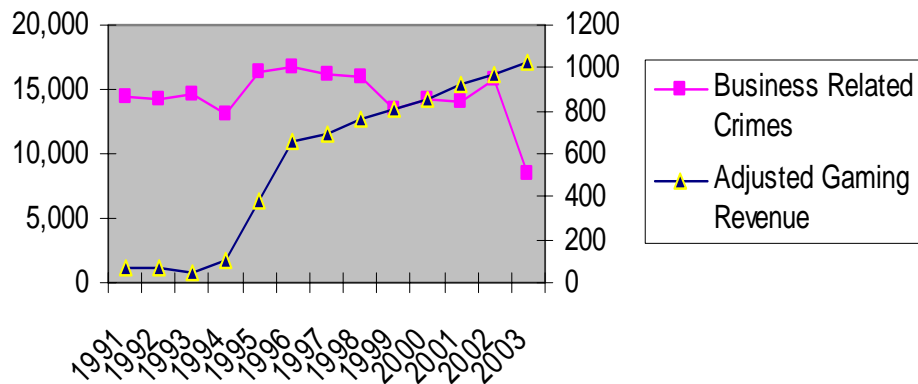


Adjusted Gross Revenue and Total Arrests in Casino and Control Counties

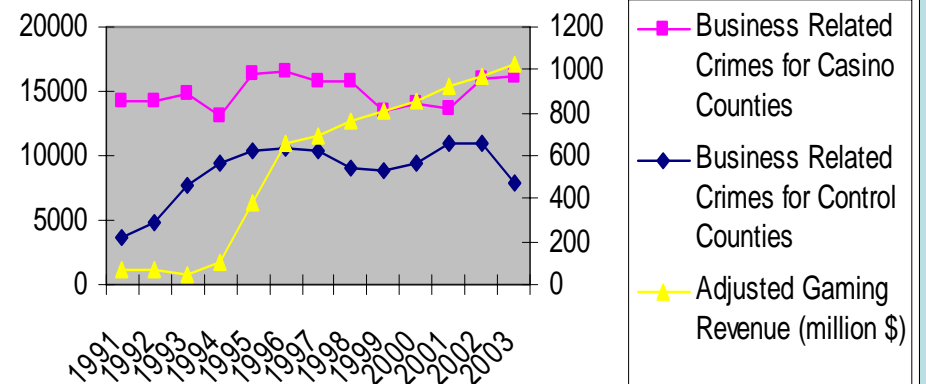


Crime: Business Related Crimes Visual Trend

Adjusted Gaming Revenue and Business Related Crimes in Iowa



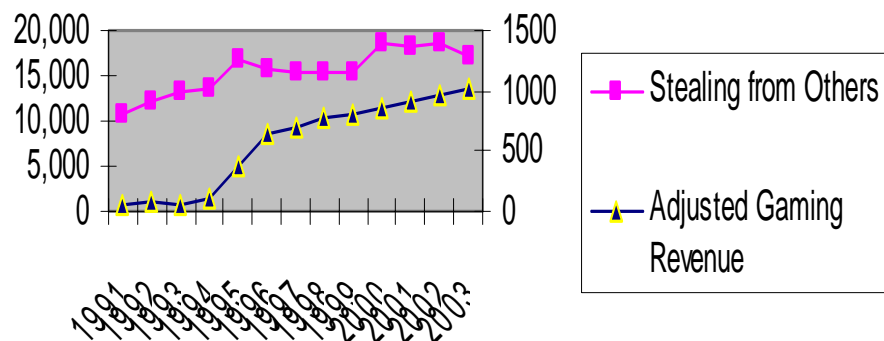
Adjusted Gaming Revenue and Business Related Crimes in Casino and Control Counties



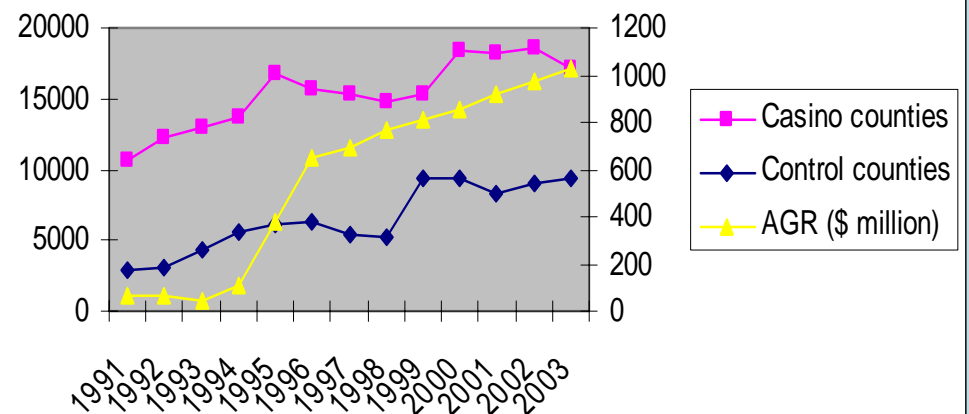
Crime: Stealing From Others

Visual Trend

Adjusted Gross Revenue (million \$) and Stealing From Others in Iowa

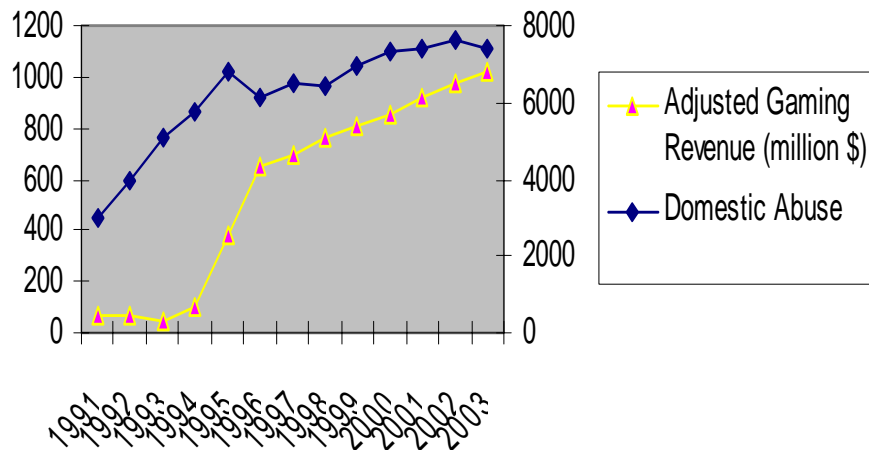


Adjusted Gross Revenue and Stealing From Others in Casino and Control Counties

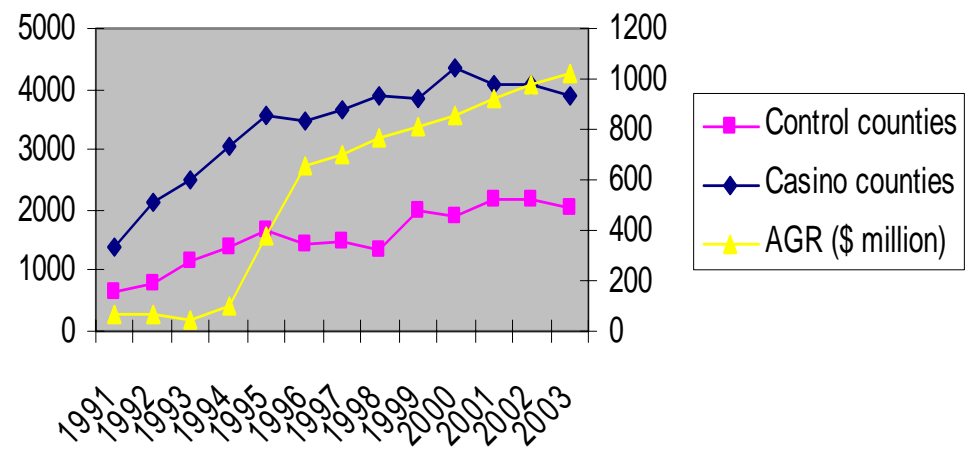


Crime: Domestic Abuse Visual Trend

Adjusted Gaming Revenue and Domestic Abuse in Iowa



Adjusted Gross Revenue and Domestic Abuse in Casino and Control Counties



Timeline

- Draft Report will be submitted on April 17th
- Final Report will be submitted on July 1st.